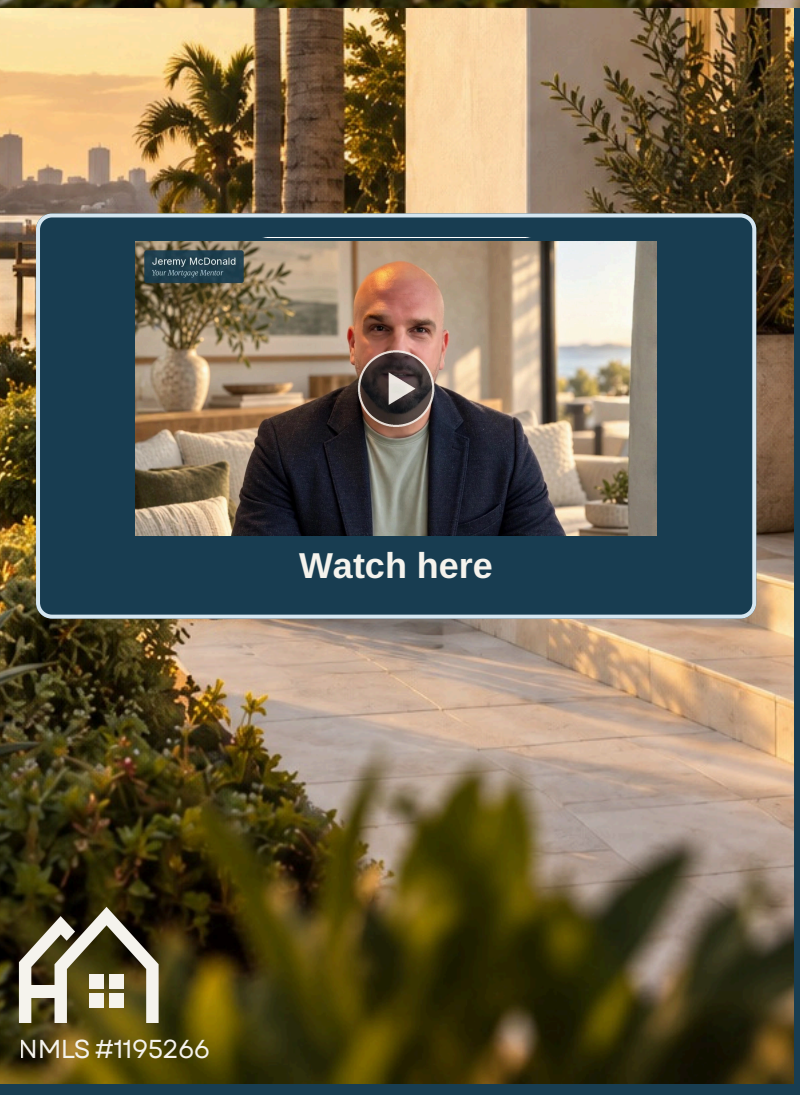
INVESTMENT

THE DSCR *Guide*



Watch here

A clear look at buying with a DSCR loan.

Who a DSCR purchase is for, how the coverage ratio works, the costs to plan for, and the investor loan process from application to funding.

Prepared by

Jeremy McDonald

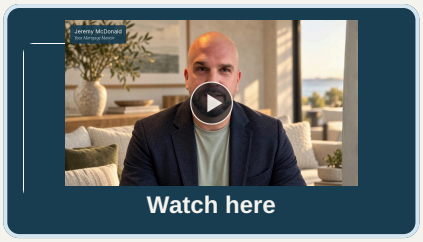
Your Mortgage Mentor

(904) 442-3213

www.mcdonald-mtg.com

NMLS #1195266





When the property's rent is the story

A DSCR loan qualifies an investment property by its rent, not your personal DTI.

DSCR stands for debt service coverage ratio. Lenders look at whether the expected rent reasonably covers the mortgage payment, taxes, insurance, and HOA dues. Guidelines, minimum ratios, down payment, reserves, and credit floors vary by investor.

These loans are for investment properties, not a primary home. I'll tell you what ratio and reserves your deal needs, and I will not promise approval in advance.

INSIDE THIS GUIDE

01 **Who it's for**
See if this path fits your situation.

02 **The loan process**
From deal review and Pre-Approval to contract, disclosures, appraisal or rent schedule, underwriting, and funding.

03 **The costs**
Down payment, reserves, points or fees, and closing costs.

04 **Your worksheet**
Organize purchase price, expected rent, and reserves.

HOW TO USE THIS GUIDE

01 Read who this strategy is for and the key requirements.

02 Walk through the process and the numbers before you make a move.

03 Fill in the worksheet with your deal numbers.

04 Bring your deal notes when we talk. Call or text me at (904) 442-3213.

Meet your mentor

Jeremy McDonald
Your Mortgage Mentor

(904) 442-3213
jeremy@mcdonald-mtg.com

Seven steps in your DSCR purchase

Here's the investor path, from deal review to funding. The rent and the ratio matter as much as the contract.



Watch here

01

Pre-Approval

We'll talk through your goals, review the numbers, and get you a Pre-Approval you can use before you write an offer.

02

Get Under Contract

When the numbers work, you go under contract. I'll help you understand financing, entity documents, and timing before you sign.

03

Loan Disclosures Go Out

After we take a full application, your loan disclosures go out so you can see the estimated costs and terms in writing.

04

Appraisal and Underwriting

We order the appraisal, often with a rent schedule, and submit your file to underwriting so the property income and the loan can be reviewed together.

05

Conditions

Underwriting may ask for more documents. Send those in quickly so the file keeps moving.

06

Clear to Close

When the file is clear to close, you'll get your Closing Disclosure. Review it at least three business days before you sign.

07

Closing and Funding

You sign, the loan funds, and the property is yours. I'll tell you exactly what the entity and the closing need.

PRO TIP

Run the DSCR before you go under contract.

If the rent does not cover the payment at the ratio the loan requires, the deal may not qualify. We'll run the numbers first.

WHAT'S THE TIMELINE?

Timing depends on the contract, the appraisal, underwriting, and how quickly documents come in.

I'll stay in close touch so you always know what is next.

NEED A HAND?

Jeremy McDonald
Your Mortgage Mentor

(904) 442-3213
jeremy@mcdonald-mtg.com

Plan the cash this deal needs

DSCR purchases usually need a larger down payment and reserves than an owner-occupied loan. Exact guidelines vary by investor.

01. DOWN PAYMENT

Many DSCR purchases require around 20% to 25% down, sometimes more, depending on the property, the ratio, and the investor. I'll estimate your deal before you make an offer.

YOUR ESTIMATE: $_____

02. CLOSING COSTS

These may include origination or points, title services, taxes, prepaid items, and other transaction charges. Investor loans can price differently than a primary-home loan.

YOUR ESTIMATE: $_____

03. APPRAISAL AND RENTS

Budget for the appraisal and, when required, a rent schedule. Underwriting will look at value and at whether the rent supports the payment.

YOUR ESTIMATE: $_____

04. RESERVES

Expect to show cash reserves, often measured in months of payments, after closing. The exact reserve requirement varies and can be higher on additional financed properties.

YOUR ESTIMATE: $_____

Understand your monthly payment

- **PRINCIPAL**

The portion of your payment that reduces the amount you borrowed.

- **INTEREST**

The cost of borrowing money on this loan.

- **TAXES & INSURANCE**

Property taxes and homeowners insurance, often collected with your payment.

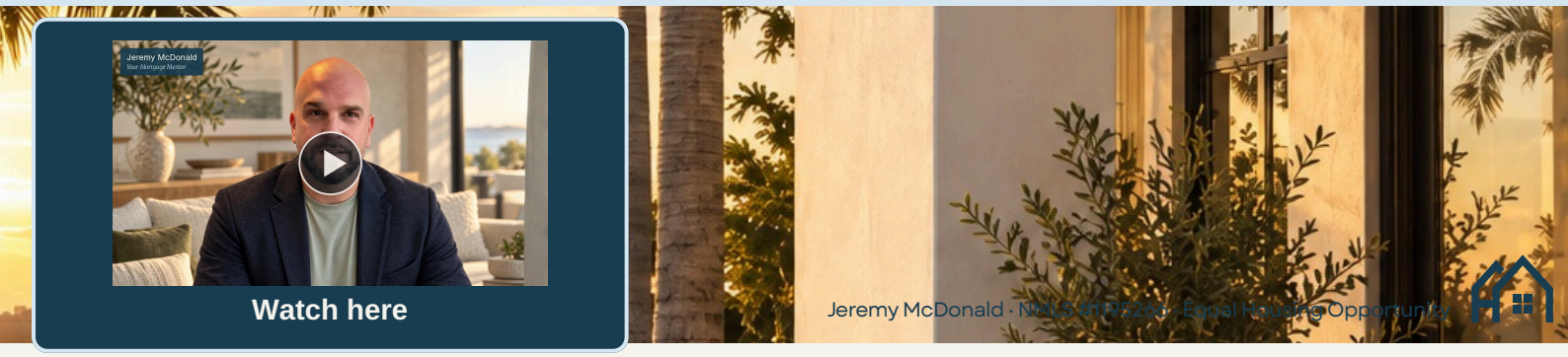
- **PITI + HOA**

The payment used in the DSCR calculation typically includes principal, interest, taxes, insurance, and HOA dues.

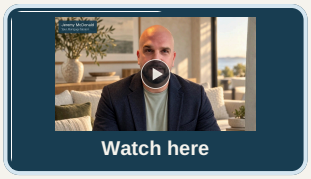
Other costs to consider

Plan for vacancies, maintenance, property management, and insurance. Prepayment penalties may apply on some investor loans. I'll review that before you lock a term.

Ask me for a personalized estimate of your total monthly payment and closing costs.



Jeremy McDonald · NMLS #1952... · Equal Housing Opportunity



Stress-test the rental numbers.

Use this worksheet to organize purchase price, expected rent, reserves, and the properties you review.

YOUR BUYING PLAN

MAXIMUM PURCHASE PRICE

$_____

EXPECTED MONTHLY RENT

$_____

DOWN PAYMENT AND RESERVES

TARGET CLOSE DATE

DEFINE YOUR PRIORITIES

MUST-HAVES

Rent support, location, or property features this deal needs.

- ○ _____
- ○ _____
- ○ _____
- ○ _____
- ○ _____

NICE-TO-HAVES

Features that would help the deal but are not required.

- ○ _____
- ○ _____
- ○ _____
- ○ _____
- ○ _____

WALK-AWAY ITEMS

Numbers or conditions that would make this a pass.

- ○ _____
- ○ _____
- ○ _____
- ○ _____
- ○ _____

PROPERTY AND RENT NOTES

PROPERTY ADDRESS	LISTING PRICE	BEDROOMS / BATHROOMS	OVERALL RATING	NOTES
			○ ○ ○ ○ ○	
			○ ○ ○ ○ ○	
			○ ○ ○ ○ ○	
			○ ○ ○ ○ ○	
			○ ○ ○ ○ ○	

Rent support, condition, questions, and potential concerns.

Your next step

Write down the purchase price, expected rent, and your available cash, then call or text me at (904) 442-3213. We'll run a DSCR estimate and talk through down payment and reserves.

Investor guidelines vary and can change. This is not a commitment to a ratio or approval.

Jeremy McDonald

Your Mortgage Mentor

(904) 442-3213

jeremy@mcdonald-mtg.com